

MINUTES OF THE
HIGHER EDUCATION APPROPRIATIONS SUBCOMMITTEE
WEDNESDAY, JANUARY 28, 2004, 2:00 P.M.
Room 223, State Capitol Building

Members Present: Sen. David Gladwell, Co-Chair
Rep. Bradley T. Johnson, Co-Chair
Sen. Bill Hickman
Sen. Peter Knudson
Rep. Katherine M. Bryson
Rep. Margaret Dayton
Rep. Brad Dee
Rep. Kory M. Holdaway
Rep. Gregory H. Hughes
Rep. Patricia W. Jones
Rep. Susan Lawrence
Rep. LaWanna "Lou" Shurtliff
Rep. Stephen H. Urquhart

Members Excused: Sen. Ron Allen

Staff Present: Boyd A. Garriott, Senior Legislative Fiscal Analyst
Debra Headden, Legislative Fiscal Analyst
Rolayne Day, Secretary

Public Speakers Present:	Pres. Robert Huddleston, DSC	Dr. Michael Peterson, Exec. Dir., UEN
	Pres. Ann Millner, WSU	Dan Patterson, Qwest
	Pres. Kermit Hall, USU	James Christensen, Public Education
	Pres. Michael Benson, Snow College	Pres. Ryan Thomas, CEU
	Commissioner Richard Kendell	Pres. Steven Bennion, SUU

A list of visitors and a copy of handouts are filed with the committee minutes.

Committee Co-Chair Johnson called the meeting to order at 2:03 p.m.

1. Carry Over of Institution Reports—Dixie State College—Pres. Robert Huddleston distributed a handout showing measurement grades for 14 core indicators on institutional effectiveness. The indicators are measured each year and include student goal achievement, persistence from fall to fall (retention), degree completion rates, placement rate in the workforce, employer assessment of students, licensure and certification pass rates, and more. Pres. Huddleston said \$1.462 million in budget reductions were taken over two years. Seven programs were eliminated and there were reductions in both instructional and non-instructional personnel. Both the student/advisor ratio and the full-time/part-time faculty ratios have gone up. Dixie's faculty is the most productive in the USHE while Dixie is the second fastest growing institution. Instructional cost per FTE is the second least expensive and the cost of instruction is also second lowest.

Discussion was heard from Reps. Dayton, and Jones, Pres. Huddleston, and Sen. Gladwell.

Weber State University—Pres. Ann Millner reported that enrollment grew 15% while tax funds fell by 7.5% over the last two years. Programs were eliminated, some programs were moved to self-support (including remedial math and English), and cut backs were taken in equipment expenditures and travel budgets. WSU used the Tier 2 tuition option to raise tuition 11% over last two years. WSU Online has been emphasized with 12% of the students needs and demands are now met. Results of these budget tightening measures include a rise in both the full-time/part-time faculty and student/advisor ratios. Pres. Millner noted that faculty and staff salaries have lost 3% to 5% of the market rate. The good news is that, despite the budget crunch, the number of graduates has gone up. WSU is very focused

on meeting workforce needs in the community. Enrollment has gone up 17% from Fall 2000—over 70% of the students are from Weber and Davis Counties. The Davis Campus headcount has increased 30% over last year.

Discussion and comments were heard from Reps. Lawrence, Jones, and Johnson, Pres. Millner, and Sen. Gladwell. Pres. Millner said higher education is at a critical point in terms of access for students to graduate without delay.

Utah State University—Pres. Kermit Hall discussed a handout entitled "USU's Performance Dashboard—January 2004." This evaluation tool is updated monthly and is used to provide a quick and easy way to understand the consequences of actions and to remind everyone that the institution is driven by numbers, not just rhetoric. USU has not tightened application requirements, but they are applying the existing requirements more stringently so they don't overstretch resources and undermine quality. USU has seen a steady rise in both regular student and continuing education student FTE and also in the six-year graduate rate. They have hired six new advisors to bring down the student/advisor ratio (still at 4,500/1). Tuition and fees have gone up 15% in the last two years. Tier 2 increases have allowed them to decrease the faculty/student ratio. USU currently receives more research funding than state funding. The admissions profile of the institution is also changing, mostly because of stricter residency requirements. Pres. Hall said technology-delivered courses have allowed them to meet enrollment increases without driving up total costs. The endowment remains relatively steady although it did suffer some loss in the economic downturn, and the private giving trend is down. Despite challenges, USU has been able to put an additional \$5.2 million from tuition into the budget as well as \$32 million from research funding. The Engineering Initiative has put more faculty in engineering, but reduced state funding required elimination of 17 permanent positions and some temporary positions. USU has also reduced the number of graduate assistants as well as the maintenance budget. Pres. Hall said it might be time to restructure how the community colleges and the four-year institutions are funded.

Questions and comments were heard from Reps. Hughes, Jones, Dayton, Holdaway, and Johnson, Pres. Michael Benson, Snow College, Sen. Hickman, and Pres. Hall.

MOTION: Rep. Bryson moved to approve minutes of the January 22, 2004 meeting.

The motion passed unanimously with Sen. Hickman and Reps. Dee and Urquhart absent for the vote.

2. Commissioner's Presentation on the USHE—Commissioner Richard Kendell said challenges will come because the state will continue to grow. One issue is whether to embrace the growth or to manage it better. Admittance requirements could be increased, but that would most likely reduce access. Not funding growth is an option he doesn't recommend. Institutions could revise roles and missions, but funding the changes requires discussion. The Regents want to develop a growth plan for the next five to ten years.

The second issue is tuition that is expensive or inexpensive depending on your situation. Tuition has increased 30% to 40% over the last few years. We have historically looked at higher education as a good thing for society rather than just for an individual. Commissioner Kendell said higher education wants to be successful. Utah has one of the biggest higher education participation rates in the nation. The Library Consortium and UEN are phenomenal successes with about 11,000 students taking course work online.

UCAT is built on a plan of open admission, open entry, competencies, and open exit. It is driven by specific employer needs while the other institutions are built on credits. UCAT is one of the most nimble aspects of our higher education system. Commissioner Kendell said there is value in having a seamless system, but he doesn't want to push it so far that we lose the market-driven nature of UCAT. The potential for duplication of effort exists. Some UCAT campuses are full-service while others are in the very beginning stages. A full UCAT campus is a \$250 million effort. Community colleges in those areas can work together with UCAT to provide facilities to serve the citizens.

A little money put into the Engineering Initiative has provided dramatic results in the number of engineering graduates. However, last year 52,000 high school students indicated that engineering is the first choice of major, down from 60,000 ten years ago. We need to figure out how to get more students into these productive areas. Commissioner Kendell expressed support for UEN.

Research and development at the University of Utah and Utah State has brought \$427 million into the state's economy; if you add jobs, it is \$750 million. Student success is a major factor and Commissioner Kendell is concerned that the pipeline from public education to higher education is leaking and that the gap between advantaged and disadvantaged students is getting larger. We need to find ways to help students succeed and to be prepared for higher education.

Discussion was heard from Reps. Holdaway, Johnson, and Lawrence, Commissioner Kendell, Pres. Hall, and Sen. Knudson.

Commissioner Kendell said engineering isn't the only discipline at risk. We need to find a way to get students interested in and ways to finance education for nursing, physicists, and others. He noted that Utah isn't alone, it is a national problem. Research at the institutions plays a big part in that success.

Sen. Knudson asked for clarification of Commissioner Kendell's position on UCAT. Commissioner Kendell said he likes that UCAT was brought into the higher education system, but he believes that the creation of UCAT was an interim measure without all of the bugs worked out. With limited resources, UCAT and the community colleges must work together, particularly in communities where there are no established UCAT buildings. Institutions and UCAT must also work together to avoid duplication of effort.

Rep. Jones summarized higher education issues as stated by Commissioner Kendell and the institution presidents and said they are compelling reasons for more funding for higher education. Commissioner Kendell said the first priority is higher salaries. Higher education salaries are performance based in contrast with public education that is step based. This year it will be less performance based because there have been no salary increases for a few years.

Rep. Shurtliff said a study was done that shows Utah parents do not prepare for their children to go to college either financially or with other kinds of support. Commissioner Kendell said he is concerned with families that are middle income or less.

3. Utah Education Network (UEN)—Dr. Michael Peterson, Executive Director of UEN, discussed three issues. First is the significance and the status of the UEN wide area network. This network is increasingly vital for the performance of public and higher education missions as well as State government and the library system. Technology-delivered enrollment via UEN has increased about 50% per year for the last three years, currently at 9% of the total system enrollment. The backbone has been upgraded in the last two months with a \$400,000 appropriation from the Legislature last year. That money was leveraged with federal funds and a grant from Qwest. Dan Patterson, Qwest Corporation, discussed his company's part in upgrading the backbone from Logan to St. George. The demand for band width doubles every 18 months and the new GEOMAX system is able to respond to that tremendous growth. James Christensen, public education, explained that UEN is vital to equitable educational opportunities to both teachers and students in rural Utah. Dr. Peterson said that most public schools have inadequate band width for the demand. He proposed a series of network upgrades in cooperation with various telephone companies and schools districts that will impact about 170 schools throughout the state. The upgrades depend on another \$400,000 from the legislature.

The second issue is the significance of the UEN distance learning system. EDNET and the UEN Satellite System are two of the premier systems in the country. Over 6,200 students are enrolled each semester in one of these two systems. Unfortunately, EDNET is aging, and it must be converted to a decentralized, digital format to ensure it's ongoing use. EDNET equipment is very expensive and requires expensive maintenance; conversion will make it less expensive and more widely available.

The third point is management resources. UEN manages a Web site called UEN.org, that provides a high percentage of resources for faculty and students. They request \$260,000 to increase support of this important resource.

Sen. Gladwell assumed the committee chair.

Further comments and discussion were heard from Sen. Gladwell, Pres. Ryan Thomas, Rep. Dayton, Pres. Millner, and Pres. Steven Bennion.

4. Overview of Current Funding Status and Fiscal Analysts' Overview of Recommendations for USHE, UCAT, UEN, and UMEC—Analyst Boyd Garriott said the Executive Appropriations Committee has decided there will be no budget increases allotted to subcommittees because of the economic condition of the state. They have challenged subcommittees to reallocate funds within existing budgets and ask the subcommittees to prioritize how additional money would be spent if it becomes available.

There are many issues facing higher education this session including access when there is a shortfall in enrollment growth funding and high school graduates' readiness for college. Other issues include transfer barriers, how to make higher education more affordable, institutional accountability for costs, and what kind of indicators should be used to monitor costs from year to year. Mr. Garriott said each of the issues will be discussed as the committee goes through the budget because policy decisions affect the budget.

Analyst Jonathan Ball presented a new format for the UEN budget. There are two pages, front and back, to make it easier to read and comprehend with an appendix for further study. He also asked that performance evaluations be included in the appropriations act. There is no statute right now, so the evaluations aren't binding, but it will help to make judgment calls regarding the agencies.

Analyst Debbie Headden also said there is now a table of contents in the Budget Book as well as an appendix with a description of every line item in higher education.

Mr. Garriott said the Fiscal Analysts' Office recommends that the subcommittee approve a continuation budget for each institution, decide how to address some of the policy concerns, and develop a priority list if money becomes available.

MOTION: Rep. Dayton moved to adjourn.

Committee Co-Chair Gladwell adjourned the meeting at 4:55 p.m.

Minutes were reported by Rolayne Day, Secretary.

Sen. David Gladwell, Committee Co-Chair

Rep. Bradley T. Johnson, Committee Co-Chair